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SUPPLEMENT TO
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1. It is the consensus of opinion among informed observers on Taiwan that Nationalist authorities, particularly CHIANG Kai-shek and K. C. WU, consider the establishment of a U. S. military mission on Taiwan their only hope of salvation, and that they would promise anything to obtain such a mission.
2. The group on Taiwan now seeking U. S. aid and advice is essentially the same group with which the U. S. has been dealing since 1942. Indications are that without heavy dollar grants Taiwan would not be able to support a military establishment capable of retaking the mainland. Advice leading to a purely defensive setup and a resulting reduction of military strength might encounter serious resistance from the Generalissimo and the military group, who cherish the "springboard" concept. The SUN Li-jen group advocates the defensive setup.
3. K. C. WU has included 17 Taiwanese in his 24-member provincial commission and has declared himself favorable to reform and to the inclusion of all Taiwanese elements in the new government. Although WU may win popular support, reforms are useless unless the military is kept in check, and subordination of the military to civil authority would be difficult for the Whampoa group to accept.
4. The Taiwanese will look with disfavor upon any government which includes the Nationalists and upon any advisory group which caters strictly to the Nationalist military or a Nationalist-controlled civil government. While the present military clique is in virtual control of the island, the Taiwanese attitude will remain unchanged. Taiwanese would support a government divested of Nationalist control and substantially directed by themselves.
5. According to 25X1X [REDACTED] Taiwan in Communist hands would be no more of a menace to the U. S. than Shanghai is at the present time. The most dangerous use that could possibly be made of Taiwan would be the establishment there of a Soviet submarine base. In event of war, this base could be neutralized by one air group in two hours.

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